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Mental Health Parity

The time is here to end discriminatory insurance coverage practices that artificially impose caps on treatment of people with mental illness. It is unacceptable to continue to set apart coverage of mental illness from that offered for every other type of medical illness.

Twenty-seven states, including Massachusetts, are debating the merits of treating mental illness in the same way as other illnesses when it comes time to pay the bill. Equitable mental health insurance coverage is the norm in 15 states, including all of the other states in New England. Facts have not supported predictions of staggering commercial premium rate increases and the forecast for the Commonwealth calls for minimal impact on member rates.

A Coopers & Lybrand study estimates the total impact of proposed Massachusetts mental health parity is equal to 1.9% of current employer claims or about $2.72 per member per month.

Legislation currently before the Ways and Means Committee of the state Senate is a compilation of the salient points in five separate bills and addresses the issues presented by 15 constituent groups. There are no insurance coverage caps in Senate Bill 1877. The joint Committee on Insurance has reported the legislation out of committee with a favorable recommendation.

The Department of Mental Health in Massachusetts is the catastrophic insurer for those who have lost their insurance coverage or who have hit their lifetime caps. Society would not tolerate such discriminatory caps for cancer treatment or heart conditions, but it has been historically allowed for mental illness.

A federal law effective the first of this year represents a first step in tackling a long-standing discriminatory practice which says that individuals with serious mental illness cannot have the same medical insurance benefits as people with other illnesses. This less-than-full-parity law requires insurance companies to offer the same level of coverage for mental illness as they do for other illnesses. It specifies that aggregate and annual payment limits be the same. For example, if an insurance plan has a $1 million lifetime spending limit for medical treatments, it cannot limit spending on mental health to $50,000. Under this federal law, insurance premiums will rise only an estimated 0.4%, according to the Congressional Budget Office. But it falls well short of full parity because it does not require equality in inpatient days and outpatient treatment limits. And there are loopholes.

Resistance to full parity is based on the false premise that unlimited benefits in an outpatient, fee-for-service environment would result in increased utilization. Full parity would save $5.5 billion nationally in mental health costs from lower public sector expenditures and greater private sector market efficiencies, according to studies done by nationally recognized actuarial firms. A recent UCLA/Rand study showed that removing the typical $25,000 limit on mental health benefits would raise group health insurance costs under managed care by only about $1 per enrollee per year.

It is time to end discrimination by removing all artificially imposed insure coverage caps for serious and persistent mental illness.